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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

DMF, Inc., a California corporation,

Plaintiff,

v.

AMP PLUS, INC., d/b/a ELCO  
LIGHTING, a California corporation;  
ELCO LIGHTING, INC., a California  
corporation,

Defendants.

AND RELATED COUNTER-  
ACTIONS.

Case No. 2:18-cv-07090-CAS-GJS

[Hon. Christina A. Snyder]

**DEFENDANTS' NOTICE OF  
MOTION AND MOTION FOR  
LEAVE TO AMEND ANSWER AND  
INVALIDITY CONTENTIONS**

Date: June 24, 2019  
Time: 10:00 a.m.  
Location: Courtroom 8D,  
350 West First Street, Los Angeles, CA

**TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:**

**PLEASE TAKE NOTICE** that on June 24, 2019, at 10:00 a.m., or as soon thereafter as the matter may be heard in the above-entitled Court, located at First Street Courthouse, 350 W. First Street, Courtroom 8D, 8th Floor, Los Angeles, CA 90012, Defendants AMP Plus, Inc. d/b/a ELCO Lighting and ELCO Lighting, Inc. (collectively, “Defendants”) will, and hereby do, move the Court pursuant to Rule 16(b)(4) and Rule 15(a)(2) of the Federal Rules of Civil Procedure, and Northern District of California Patent Local Rule 3-6, for an Order granting Defendants leave to file a Third Amended Answer and Counterclaim to Plaintiff DMF, Inc.’s Complaint, and to amend their invalidity contentions against the patent-in-suit.

This Motion is based on this Notice of Motion and Motion, the attached Memorandum of Points and Authorities, the concurrently-filed declaration of Robert E. Boone III (“Boone Decl.”), the records on file in this action, and all other matters that the Court may properly consider, including the oral argument of counsel.

This Motion is made following the conference of counsel pursuant to L.R. 7-3, which took place on numerous occasions, including on May 1, 10, 15, 16, 20, 21 and 22, 2019, in writing and over the telephone. *See* Boone Decl. ¶ 23.

Dated: May 24, 2019

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By: /s/ Robert E. Boone III

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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. INTRODUCTION**

Defendants AMP Plus, Inc. d/b/a ELCO Lighting and ELCO Lighting, Inc. (collectively, “Defendants”) respectfully move the Court for leave to file a Third Amended Answer and Counterclaim and amend their invalidity contentions in the form attached as Exhibits A and C to the Declaration of Robert E. Boone III (“Boone Decl.”). (Redlined versions are attached as Exhibits B and D to the Boone Decl.)

Specifically, Defendants seek to amend their invalidity affirmative defense (¶ 11 on page 16) pursuant to 35 U.S.C. § 112 to add specific references to certain claim terms, such as “significantly dissipates,” “substantially heat conducting,” “rear face” and “rear heat conducting portion,” that Defendants contend are too indefinite, and add similar language to their Counterclaim (¶ 10 on page 2, and a new ¶ 48 on page 10). Courts routinely allow parties to amend their pleadings and contentions, even at later stages of a lawsuit, to allow a case to be decided on the merits. *See U.S. Philips Corp. v. Infodisc Tech. USA, Inc.*, No. CV 04-10017SVW(JTLX), 2005 WL 6141291, at \*5 (C.D. Cal. June 28, 2005) (allowing defendant to assert defense of patent misuse despite failure to raise the defense in its answer because there was no prejudice to the plaintiff).

As to the invalidity contentions, Defendants seek to amend their Response to Interrogatory No. 1 to update their contention that various claim terms, such as “significantly dissipates,” “substantially heat conducting,” “rear face” and “rear heat conducting portion” are too indefinite and, as a result, render U.S. Patent No. 9,964,266 (“the ‘266 Patent”) and/or claims containing such terms invalid. Defendants disclosed these contentions on March 22, 2019, a mere 21 days after their initial invalidity contentions were disclosed on March 1, 2019, and only 16 days after their amended invalidity contentions were provided on March 6, 2019. Defendants also addressed those indefinite terms in detail in their claim construction

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1 brief served on April 9, 2019, as well as in the parties' meet and confer sessions  
2 leading up to that briefing. At that time, Defendants notified Plaintiff DMF, Inc.  
3 ("DMF") that they would seek leave to amend if necessary.

4 Defendants also seek to update their Response to Interrogatory No. 1 to  
5 provide additional details that were developed since Defendants' retention of a  
6 lighting expert in late March 2019, within days of the Court's preliminary injunction  
7 ruling, pertaining to Defendants' 35 U.S.C. § 102 anticipation and § 103  
8 obviousness contentions based on certain previously unknown prior art references,  
9 including but not limited to additional Imtra publications Defendants discovered in  
10 late March and promptly produced to DMF on April 5, 2019, such as the 2007 Imtra  
11 catalogs. Indefiniteness is often raised and decided after claim construction, during  
12 summary judgment. *See Alfred E. Mann Found. for Sci. Research v. Cochlear*  
13 *Corp.*, No. CV 07-8108 FMO (SHX), 2014 WL 12558006, at \*15 (C.D. Cal. Jan. 3,  
14 2014) ("[I]n general, parties may raise indefiniteness issues after claim  
15 construction."). This case is nowhere near those stages.

16 There is good cause to grant the requested amendment of the Answer  
17 pursuant to Rule 16 of the Federal Rules of Civil Procedure. Further, the  
18 amendment is proper under the liberal standard of Rule 15 of the Federal Rules of  
19 Civil Procedure, and DMF cannot satisfy its burden of demonstrating prejudice,  
20 undue delay, bad faith, or futility. *See Fed. R. Civ. P. 15(a)(2)* ("The court should  
21 freely give leave when justice so requires.").

22 Defendants also have good cause to amend their invalidity contentions. The  
23 Court has not yet set a trial date or pre-trial conference, a *Markman* hearing, expert  
24 or fact discovery cutoff dates, or deadlines for expert disclosures/reports or  
25 summary judgment motions. Therefore, there is ample time to complete fact  
26 discovery and expert discovery, if any, regarding the amended invalidity  
27 contentions. Defendants seek to add references that, despite Defendants' diligence,  
28 were only recently discovered. DMF cannot plausibly claim any prejudice from the



1 proposed amendment of Defendants' invalidity contentions at this early stage of  
2 litigation.

## 3 **II. FACTUAL BACKGROUND**

4 DMF filed the Complaint on August 15, 2018. *See* Dkt. 1. The Complaint  
5 alleges infringement of the '266 Patent, trademark infringement, and unfair  
6 competition. *Id.* Defendants filed an Amended Answer and Counterclaims as a  
7 matter of right on October 18, 2018. *See* Dkt. 18. On October 31, 2018, DMF filed  
8 an Answer to Defendants' Amended Answer and Counterclaims. *See* Dkt. 22.

9 On November 1, 2018, current counsel of record, Robert E. Boone III of  
10 Bryan Cave Leighton Paisner LLP, filed a Notice of Appearance of Counsel on  
11 behalf of Defendants. *See* Dkt. 23. Shortly thereafter, on November 14, 2018, DMF  
12 filed a massive Motion for Preliminary Injunction. *See* Dkt. 26-43. Defendants had  
13 a mere 2 ½ weeks, including the week of Thanksgiving during which time defense  
14 counsel was out of town, to prepare opposition papers and retain experts.<sup>1/</sup>

15 On January 7, 2019, the Court held a hearing on DMF's Motion for  
16 Preliminary Injunction. *See* Dkt. 138. At that time, the Court was unwilling to  
17 grant DMF's Motion but allowed DMF to make a further submission. *See* Dkt. 100.  
18 The parties submitted further briefing and evidence on January 22 and 28, and  
19 February 12, 13 and 15, 2019. *See* Dkts. 103-113, 124-125, 127-128, 130-138, 140-  
20 144. The Court then took the matter under submission.

21 Following the Scheduling Conference on January 14, 2019, the Court set the  
22 deadline to request leave to file amended pleadings or to add parties as March 15,  
23 2019; an ADR completion deadline of June 5, 2019; and a status conference on June  
24 17, 2019. *See* Dkt. 101.

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25  
26 <sup>1/</sup> The Court will recall that Defendants sought additional time to respond to the  
27 preliminary injunction motion due to its voluminous nature and the fact that  
28 DMF filed it the week before Thanksgiving. *See* Dkt. 44. DMF opposed an  
extension of time to respond. *See* Dkt. 52. The Court granted Defendants  
additional time but not as much as Defendants requested. *See* Dkt. 51.

1 From late January through early March 2019, Defendants met and conferred  
2 with DMF's counsel several times regarding Defendants' desire to file a Second  
3 Amended Answer and Counterclaims to add an unclean hands defense, an  
4 indefiniteness defense, and additional prior art identified by Defendants after filing  
5 their First Amended Answer and Counterclaim. Boone Decl. ¶ 5.

6 On March 1, 2019, the parties exchanged infringement and invalidity  
7 contentions via an interrogatory response. *Id.* ¶ 6. On March 6, 2019, Defendants  
8 served amended invalidity contentions. *Id.* The difference in the level of detail in the  
9 parties' respective contentions is striking and, Defendants believe, is important to  
10 consider when deciding this Motion, as it is indicative of the double standard by  
11 which DMF litigates. *Cf. id.*, Exhs. E and F. DMF's infringement contentions,  
12 without the 6 ½ pages of objections to a procedure its own counsel suggested,  
13 consist of a mere 16 ½ pages of conclusory legalese, devoid of factual details. *See*  
14 *id.*, Exh. E. Defendants' invalidity contentions, by stark contrast, consist of 333  
15 pages, including numerous, factually detailed claim charts with diagrams and  
16 photographs. *See id.*, Exh. F.

17 On March 6, 2019, DMF finally agreed to let Defendants file the Second  
18 Amended Answer and Counterclaim the parties had been discussing starting in  
19 February, without having to file a motion for leave, but only if Defendants agreed to  
20 continue the response date for a subpoena Defendants had served on Underwriters  
21 Laboratories, and subject to Defendants providing a proposed pleading to include  
22 with the stipulation to be filed with the Court. *Id.* ¶ 8. Defendants provided DMF  
23 with a proposed Second Amended Answer and Counterclaim containing the  
24 amendments. *Id.* Shortly thereafter, on March 15, 2019, the parties filed a Joint  
25 Stipulation to permit Defendants to file their Second Amended Answer and  
26 Counterclaim, and the Court approved the Stipulation. *See* Dkts. 154-155.  
27 Defendants' Second Amended Answer and Counterclaims was filed on March 19,  
28 2019. *See* Dkt. 160.

1 On March 8, 2019, the Court issued a redacted copy of its order granting a  
2 preliminary injunction against Defendants. *See* Dkt. 147. The Court gave  
3 Defendants 10 days from DMF's posting of a bond to file a report regarding their  
4 efforts to comply with the injunction. Understandably, Defendants' immediate  
5 concern and first priority following issuance of the injunction was compliance  
6 therewith. DMF posted bond on March 12, 2019. *See* Dkt. 157.

7 On March 19, 2019, the Court sent an unredacted copy of the preliminary  
8 injunction order to all counsel via email. *See* Boone Decl. ¶ 11.

9 On March 22, 2019, Defendants filed a report/declaration detailing their  
10 compliance with the preliminary injunction. *See* Dkt. 161.

11 Also on March 22, 2019, the parties exchanged disclosures identifying claim  
12 terms to be construed and proposed constructions. Boone Decl. ¶ 14 and Exhs. G  
13 and H. Defendants' identified terms included "significantly dissipates,"  
14 "substantially heat conducting," "rear face" and "rear heat conducting portion," and  
15 further disclosed their contention that each of these terms is indefinite and thus  
16 renders the patent invalid. *See id.*, Exh. G. Defendants also disclosed alternative  
17 constructions for each of these terms. *Id.*

18 Defense counsel developed these indefiniteness contentions after focusing on  
19 the Court's preliminary injunction order and deciding to retain another lighting  
20 design expert. *Id.* ¶¶ 12, 14. In late March 2019, Defendants retained lighting  
21 design expert Eric Bretschneider, who confirmed and provided support for  
22 Defendants' indefiniteness contentions. *Id.* ¶ 15.

23 On April 4, 2019, defense counsel met and conferred with DMF's counsel  
24 regarding the parties' respective claim terms and constructions, including  
25 Defendants' contention that the above terms are indefinite. Defense counsel advised  
26 DMF's counsel that Defendants would brief those terms, contentions and  
27 constructions in their claim construction brief, and that, if necessary, would seek  
28 leave to amend their pleadings and invalidity contentions interrogatory response to

1 conform to such already-disclosed contentions. *Id.* ¶ 17.

2 On April 8, 2019, DMF filed a Motion To Dismiss Defendants’ Section 112  
3 indefiniteness affirmative defense, attempting to narrowly construe that defense, and  
4 in doing so complained to the Court about Defendants’ indefiniteness contentions  
5 regarding various claim terms, such as “significantly dissipates,” “substantially heat  
6 conducting,” “rear face” and “rear heat conducting portion.” *See* Dkt. 170. The  
7 Court denied DMF’s Motion to Dismiss, holding that Defendants’ pleading,  
8 including its § 112 defense, provides DMF with fair notice of Defendants’  
9 indefiniteness defenses. *See* Dkt. 183.

10 On April 9, 2019, the parties exchanged opening claim construction briefs.  
11 Defendants’ brief and supporting declaration from their newly-retained expert Eric  
12 Bretschneider, addressed why each of the above terms is indefinite. *See* Boone  
13 Decl., Exh. I. The parties exchanged reply claim construction briefs on April 22,  
14 2019. DMF addressed the indefinite terms in its brief but elected to do so in a non-  
15 substantive way, despite a full and fair opportunity to address Defendants’  
16 indefiniteness contentions substantively. *See id.*, Exh. J.

17 The parties participated in a Settlement Conference before Magistrate Judge  
18 Gail J. Standish on April 11, 2019, but a settlement was not reached. *See* Dkt. 176.

19 On May 17, 2019, ELCO filed a Petition for *Inter Partes* Review (the “IPR”)  
20 with the Patent Trial and Appeal Board (“PTAB”), and served a copy of the IPR on  
21 DMF’s counsel. The IPR challenges the validity of the ‘266 Patent on § 102  
22 anticipation and § 103 obviousness contentions based on certain previously  
23 unknown prior art references, including but not limited to additional Imtra  
24 publications Defendants discovered in late March and promptly produced to DMF  
25 on April 5, 2019, such as the 2007 Imtra catalog, and references learned from Mr.  
26 Bretschneider, as well as additional information learned from or developed with Mr.  
27 Bretschneider. Boone Decl. ¶¶ 16, 18, 21 and Exh. K. The instant motion seeks  
28 leave for Defendants to amend their Answer and Counterclaim, as well as the

1 invalidity contentions interrogatory response, to update those documents with such  
2 additional information.

3 The Court has not set any other trial or pre-trial deadlines in the case,  
4 including any fact or expert discovery cutoff dates, dates for the filing or hearing of  
5 dispositive motions, dates for briefing or conducting a *Markman* hearing for claim  
6 construction issues, the exchange of expert reports, a pre-trial conference, trial  
7 motions and other trial materials, and trial. It is anticipated that the Court may set  
8 some or all of these dates at the June 17, 2019 status conference. Defendants  
9 believe that the Court should simply set dates for a *Markman* hearing and another  
10 status conference after it issues an order on claim construction.

11 **III. LEAVE TO AMEND THE ANSWER SHOULD BE GRANTED**

12 Good cause exists under Rule 16 and the amendment is proper under Rule 15.

13 **A. Good Cause Exists Under Rule 16**

14 “Generally, a court grants a motion for leave to amend pleadings pursuant to  
15 the permissive standard of Rule 15(a).” *Dobbs v. Terex Corp.*, No. EDCV16-2547-  
16 CAS(KKX), 2017 WL 6271281, at \*1 (C.D. Cal. Dec. 4, 2017) (citing *Martinez v.*  
17 *Newport Beach City*, 125 F.3d 777, 785 (9th Cir. 1997)). “However, once the  
18 district court enters a scheduling order establishing a deadline for amending  
19 pleadings, Rule 16(b) applies.” *Id.* (citing *Coleman v. Quaker Oats Co.*, 232 F.3d  
20 1271, 1294 (9th Cir. 2000)). The moving party must demonstrate good cause for  
21 bringing the motion under Rule 16 of the Federal Rules of Civil Procedure and,  
22 “then if ‘good cause’ is shown, plaintiff must demonstrate that amendment is proper  
23 under Rule 15(a).” *Id.* “A schedule may be modified only for good cause and with  
24 the judge’s consent.” Fed. R. Civ. P. 16(b)(4). “A district court has broad  
25 discretion in supervising the pretrial phase of litigation.” *Velarde v. Duarte*, No.  
26 11CV0287 AJB KSC, 2012 WL 2463879, at \*1 (S.D. Cal. June 27, 2012) (citation  
27 omitted). “The pretrial schedule may be modified if it cannot reasonably be met  
28 despite the diligence of the party seeking the extension.” *Id.* “The court may look

1 to other examples of diligence of the moving party during the course of the litigation  
2 and consider its past compliance with the scheduling order.” *A.V.E.L.A., Inc. v.*  
3 *Cent. Mills, Inc.*, No. LACV1503918JAKAGRX, 2016 WL 7444844, at \*4 (C.D.  
4 Cal. July 19, 2016). “This includes a consideration of timely discovery requests,  
5 timely filing of motions, and moving promptly for leave to amend after the  
6 discovery of new information.” *Id.*

7 Good cause exists to allow Defendants to file an amended Answer and  
8 Counterclaim because Defendants have complied with the Court’s orders.  
9 Defendants have diligently engaged in significant efforts to comply with the  
10 injunction order; to settle the case; to prepare claim construction briefing, including  
11 regarding the indefinite claim terms; and to conduct initial written discovery.  
12 Defendants also have engaged in extensive meet and confer efforts – on multiple  
13 occasions – to avoid the necessity of bringing this Motion; and timely sought leave  
14 to amend their pleading. *See Velarde*, 2012 WL 2463879, at \*2 (“Because  
15 Defendant was diligent in pursuing discovery and seeking to amend the answer,  
16 Defendant has demonstrated good cause under Rule 16 to modify the scheduling  
17 order to allow Defendant to file an amended answer.”).

18 When Defendants filed their Second Amended Answer and Counterclaim,  
19 Defendants had not developed their theory that the aforementioned claim terms were  
20 too indefinite; the amendments made in that document mainly pertained to  
21 Defendants’ unclear hands defense. Nonetheless, the Second Amended Answer and  
22 Counterclaim did add a § 112 defense, the same statute on which Defendants’  
23 indefiniteness challenges to “significantly dissipates,” “substantially heat  
24 conducting,” “rear face” and “rear heat conducting portion” are based. When  
25 Defendants first raised with DMF’s counsel the amendments in the Second  
26 Amended Answer and Counterclaim, the Court had not ruled on the preliminary  
27 injunction motion. Up until then, the main focus of the case – in its short lifespan –  
28 had been on infringement issues and §§ 102 and 103 invalidity issues.



1 After the Court issued its preliminary injunction order and the dust settled  
2 from Defendants' compliance therewith, Defendants diligently focused on carefully  
3 digesting the order, including the Court's preliminary construction of certain claim  
4 terms, and analyzing additional claim terms and their potential impact on deciding  
5 this case. Despite that short amount of time, Defendants diligently developed  
6 additional indefiniteness contentions and disclosed those contentions, still in  
7 compliance with the March 22 deadline to identify claim terms to be construed and  
8 proposed claim constructions. See *Revolution Eyewear, Inc. v. Aspex Eyewear Inc.*,  
9 No. CV 02-1087 LGB (CWX), 2003 WL 27383395, at \*2 (C.D. Cal. Mar. 10, 2003)  
10 (granting defendant's motion to amend its answer to add affirmative defenses and  
11 counterclaims despite the motion being filed two months after the expiration of the  
12 deadline to amend the pleadings).

13 As a lawsuit proceeds, the parties and counsel learn more about the case,  
14 particularly after discovery begins, and their legal theories, claims, defenses and  
15 contentions often change and/or become more developed and/or nuanced. This case  
16 is no different. Therefore, the Court should find good cause exists to grant the  
17 requested amendment.

18 **B. Leave To Amend Is Liberally Allowed Under Rule 15**

19 The governing factors weigh in favor of granting leave to amend.

20 "The court should freely give leave when justice so requires." Fed. R. Civ. P.  
21 15(a)(2). "[T]his policy is to be applied with extreme liberality." *Desertrain v. City*  
22 *of Los Angeles*, 754 F.3d 1147, 1154 (9th Cir. 2014). "Five factors are taken into  
23 account to assess the propriety of a motion for leave to amend: bad faith, undue  
24 delay, prejudice to the opposing party, futility of amendment, and whether the  
25 plaintiff has previously amended the complaint." *Id.* (citing *Johnson v. Buckley*, 356  
26 F.3d 1067, 1077 (9th Cir. 2004)). "Generally, these factors are considered 'with all  
27 inferences in favor of granting the motion.'" *A.V.E.L.A., Inc.*, 2016 WL 7444844, at  
28 \*3 (citing *Griggs v. Pace Am. Grp., Inc.*, 170 F.3d 877, 880 (9th Cir. 1999)).

1                   **1. No Bad Faith**

2                   “Bad faith in filing a motion for leave to amend exists when the addition of  
3 new legal theories are baseless and presented for the purpose of prolonging the  
4 litigation . . . or when the adverse party offers evidence that shows wrongful motive  
5 on the part of the moving party.” *Lanier v. Fresno Unified Sch. Dist.*, No. 1:09-CV-  
6 01779-AWI, 2013 WL 1896183, at \*2 (E.D. Cal. May 6, 2013) (internal citations  
7 omitted).

8                   Here, this Motion is not brought to prolong the litigation or for any other  
9 improper purpose. Rather, the amendment is sought in good faith by Defendants to  
10 clarify their § 112/indefiniteness affirmative defense based on their newly developed  
11 – and meritorious – theory. Defendants promptly disclosed those indefinite terms  
12 and in fact timely briefed those contentions, including providing a supporting expert  
13 declaration. The requested amendments have a direct bearing on Plaintiff’s claims  
14 for patent infringement. The amendments should thus be permitted.

15                   Therefore, this factor weighs in favor of granting the Motion.

16                   **2. No Undue Delay**

17                   The second factor also weighs in favor of granting the Motion.

18                   “While undue delay is a factor for denying leave to amend, undue delay by  
19 itself is insufficient to justify denying a motion to amend.” *Lanier*, 2013 WL  
20 1896183, at \*2 (internal citation omitted) (granting defendant’s motion to amend its  
21 answer despite finding that defendant “unduly delayed its pursuit of this  
22 amendment”).

23                   Defendants did not unduly delay in disclosing their indefiniteness contentions  
24 or seeking leave to amend. To the contrary, Defendants actually complied with the  
25 March 22 deadline to identify claim terms to be construed and proposed claim  
26 constructions, specifically identifying “significantly dissipates,” “substantially heat  
27 conducting,” “rear face” and “rear heat conducting portion” as terms Defendants  
28 contend are too indefinite. Defendants also immediately raised the issue of



1 amending with DMF and sought to enter a stipulation for the amendment. *See* Fed.  
2 R. Civ. P. 15(a)(2) (“In all other cases, a party may amend its pleading only with the  
3 opposing party’s written consent or the court’s leave.”). After meeting and  
4 conferring with DMF’s counsel on multiple occasions, at DMF’s insistence, DMF  
5 refused to consent to the amendment, and Defendants immediately filed this Motion.  
6 DMF cannot plausibly argue undue delay.

7 Therefore, this factor weighs in favor of granting the Motion.

### 8 **3. No Prejudice To DMF**

9 The absence of prejudice to DMF from the requested amendment weighs  
10 heavily in favor of granting Defendants’ Motion.

11 “Absent prejudice, there is a presumption in favor of granting leave to  
12 amend.” *Velarde*, 2012 WL 2463879, at \*1. “Plaintiff, as the party opposing leave  
13 to amend, bears the burden of showing why the amendment should not be granted.”  
14 *Id.* at \*2 (collecting cases). “The prejudice must be substantial.” *Cave Consulting*  
15 *Grp., Inc. v. Truven Health Analytics Inc.*, No. 15-CV-02177-SI, 2017 WL 607602,  
16 at \*3 (N.D. Cal. Feb. 15, 2017) (citation omitted). “Bald assertions of prejudice  
17 cannot overcome the strong policy reflected in Rule 15(a) to ‘facilitate a proper  
18 disposition on the merits.’” *Id.* Neither the adverse party’s burden of undertaking  
19 discovery nor “the burden of having to defend a new claim” amounts to undue  
20 prejudice sufficient to warrant a denial of the motion to amend. *See A.V.E.L.A.,*  
21 *Inc.*, 2016 WL 7444844, at \*5.

22 DMF cannot satisfy its burden of demonstrating prejudice for a variety of  
23 reasons. First, DMF has not suffered any real prejudice. Defendants timely  
24 disclosed the indefinite claim terms on March 22 and included briefing on the  
25 indefiniteness contentions in their claim construction brief served on April 9. DMF  
26 had a full and fair opportunity to respond to those contentions in its claim  
27 construction reply brief served on April 22. DMF addressed those indefinite  
28 contentions but elected to do so in a non-substantive manner, clearly for the purpose

1 of attempting to create fodder to oppose the requested leave to amend. By doing so,  
2 DMF puts form over substance, asserting that such indefinite terms are not in  
3 dispute, when they clearly are disputed. Any so-called “prejudice” to DMF is self-  
4 inflicted. DMF should not be allowed to gain an unlevel playing field for the  
5 litigation with such sharp tactics. Clearly, DMF fears having Defendants’  
6 indefiniteness contentions decided on the merits, which the law heavily favors.

7 Second, as mentioned above, this case is still in an early stage, little discovery  
8 has been conducted, no depositions have occurred, no discovery cutoff has been set,  
9 and neither have numerous other trial and other pre-trial dates and deadlines. All  
10 DMF is attempting to do by opposing the requested amendment is to gain a  
11 substantive advantage, to unfairly prejudice Defendants, solely based on shallow  
12 procedural arguments. The procedural posture of the case weighs in favor of  
13 granting the requested amendment and against a finding of prejudice to DMF. *See*  
14 *Andresen v. Int’l Paper Co.*, No. 213CV02079CASAJWX, 2014 WL 12601502, at  
15 \*2 (C.D. Cal. Apr. 21, 2014) (granting motion to amend answer and counterclaims  
16 and finding no prejudice to plaintiffs where only preliminary written discovery had  
17 been exchanged and the discovery cut-off was more than four months away). DMF  
18 has so far had, and during the remainder of the case will continue to have, ample  
19 time to address Defendants’ indefiniteness contentions related to these terms,  
20 including conducting discovery, addressing those contentions at a *Markman* hearing,  
21 filing pretrial motions, and so on, as well as preparing for trial.

22 Third, all DMF could articulate during meet and confer sessions between  
23 counsel regarding prejudice is that a proposed schedule to which the parties agreed –  
24 before briefing on the preliminary injunction motion was completed, and before the  
25 Court ruled on that motion – would slip some, and that DMF would have to brief the  
26 additional contentions. Boone Decl. ¶ 23. This is not prejudice – certainly not  
27 sufficient prejudice to deny Defendants their due process rights to have the case  
28 decided on the merits, including the merits of their invalidity/indefiniteness defenses

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1 and contentions. Mere slippage in the schedule of a case does not constitute  
2 prejudice. *See A.V.E.L.A., Inc.*, 2016 WL 7444844, at \*5 (“The adverse party’s  
3 burden of undertaking discovery, standing alone, does not suffice to warrant denial  
4 of a motion to amend a pleading.”); *see also Sage Electrochromics, Inc. v. View,*  
5 *Inc.*, No. 12-CV-6441-JST, 2014 WL 1379282, at \*3 (N.D. Cal. Apr. 8, 2014)  
6 (“View objects that if the New Patents are added, and the case schedule is not  
7 adjusted, its full and fair opportunity to defend the claims will be compromised. . .  
8 View’s alternative argument is that, if the case schedule is adjusted, the resolution of  
9 its counterclaims will now be delayed. But a mere pendency in the resolution of  
10 claims does not constitute substantial prejudice.”); *Dep’t of Fair Employment &*  
11 *Hous. v. Law Sch. Admission Council, Inc.*, No. C-12-1830 EMC, 2013 WL 485830,  
12 at \*6 (N.D. Cal. Feb. 6, 2013) (“The posture of this case stands in stark contrast to  
13 those cases in which the amendment was sought either after or on the eve of the  
14 close of discovery.”); *Velarde*, 2012 WL 2463879, at \*1 (“The pretrial schedule  
15 may be modified ‘if it cannot reasonably be met despite the diligence of the party  
16 seeking the extension.’”). Here, that “schedule” was a jointly proposed case  
17 schedule of dates the Court required to the parties to discuss, but this Court never  
18 adopted it, declining to set those dates! And, as for the claim construction  
19 disclosure and briefing dates that the Court did set, Defendants complied with those  
20 dates, providing DMF ample (and the agreed upon) time to substantively address  
21 Defendants’ indefiniteness contentions. DMF simply elected not to do so, so it  
22 could try to avoid proper adjudication of its claims, because DMF knows  
23 Defendants’ contentions have merit.

24 DMF also now asserts that the parties should agree to a schedule providing  
25 that DMF would respond to Defendants’ expert report on invalidity on July 28,  
26 2019, more than four months after Defendants disclosed their indefinite positions to  
27 DMF. By contrast, Defendants had only 2 ½ weeks, including the week of  
28 Thanksgiving, to respond to DMF’s motion for a preliminary injunction, including

1 finding experts and marshalling evidence to assert an invalidity defense. Under  
2 these circumstances, it defies logic that DMF can claim any prejudice.

3 Finally, Defendants will be severely prejudiced if the amendment is denied  
4 because these contentions go to the invalidity of the '266 Patent and, therefore, may  
5 be dispositive of DMF's claims.

6 Thus, this factor weighs in favor of granting leave to amend.

7 **4. The Requested Amendments Are Not Futile**

8 The fourth factor also weighs in favor of granting leave to amend.

9 "[I]f Defendant has legitimate affirmative defenses and counterclaims, justice  
10 requires that these be given a fair examination." *Revolution Eyewear, Inc.*, 2003  
11 WL 27383395, at \*4. "A proposed amendment is futile only if no set of facts can be  
12 proved under the amendment to the pleadings that would constitute a valid and  
13 sufficient claim or defense." *A.V.E.L.A., Inc.*, 2016 WL 7444844, at \*7 (citation  
14 omitted).

15 The requested amendment is not futile. Rather, it is directly relevant to  
16 DMF's claims for patent infringement and unfair competition. As to the Answer,  
17 Defendants intend to amend their invalidity affirmative defense (§ 11 on page 16) to  
18 state as follows:

19 11. The '266 Patent is invalid, including pursuant  
20 to 35 U.S.C. §§ 112 and/or 282(b)(3)(A) and/or applicable  
21 case law, because, among other things, various claim  
22 terms, such as "significantly dissipates," "substantially  
23 heat conducting," "rear face" and "rear heat conducting  
24 portion" are too indefinite, and because the claims are not  
25 supported by the specification, including the light source  
26 module location claim limitation language "wherein the  
27 light source module and the driver are positioned inside  
28 the first cavity while being coupled to the heat conducting  
closed rear face of the unified casting such that the light  
source module is closer to the closed rear face of the  
unified casting than the open front face of the unified  
casting" of independent claims 1, and similar language of

1 the other independent claims, finds no support in the  
2 specification.

3 As to their Counterclaim, Defendants intend to add similar language to ¶ 10 on page  
4 2, and to add a new paragraphs (¶¶ 46-49) on pages 10-11, as follows:

5 10. The '266 patent and some or all of its claims  
6 are invalid on the grounds that the subject matter sought to  
7 be patented therein fails to comply with the conditions and  
8 requirements for patentability set forth in Title 35, United  
9 States Code, including, but not limited to, the provisions  
of 35 U.S.C. Sections 102, 103 and/or 112.

10 46. Claims 1, 2, 4-11, 13-17, 19, 21-22, 25-26,  
11 and 28-30 are rendered obvious under 35 U.S.C. § 103(a)  
12 by Imtra 2011 alone or in view of Imtra 2007.  
13 Counterclaimants incorporate herein by reference, as if set  
14 forth fully in this paragraph, the contents of the claims  
15 chart attached hereto as Exhibit 21, which explains how  
the aforementioned claims are invalid under Imtra 2011  
alone or in view of Imtra 2007.

16 47. Claims 1, 2, 8-11, 13-17, 19, 21-22, 25-26,  
17 and 28-30 are rendered obvious under 35 U.S.C. § 103(a)  
18 by Imtra 2011 and Imtra 2007 in view of Gifford.  
19 Counterclaimants incorporate herein by reference, as if set  
20 forth fully in this paragraph, the contents of the claims  
21 chart attached hereto as Exhibit 22, which explains how  
the aforementioned claims are invalid under Imtra 2011,  
and Imtra 2007 in view of Gifford.

22 **10. Anticipation by and/or Obviousness in**  
23 **view of Imtra Products**

24 48. Claims 1, 2, 4-11, 13-17, 19, 21-22, 25-26,  
25 and 28-30 are anticipated under 35 U.S.C. § 102(a) and/or  
26 rendered obvious under 35 U.S.C. § 103(a) by various  
27 Imtra products, including the Ventura, Captiva, Avalon,  
28 Portland, Tacoma, Hatteras, and Norfolk models, which  
were in public use, on sale, or otherwise available to the  
public before the effective filing date of the '266 Patent.

Counterclaimants incorporate herein by reference, as if set forth fully in this paragraph, the contents of the claims chart attached hereto as Exhibit 23, which explains how the aforementioned claims are anticipated by the Imtra Products, and/or obvious in light of the Imtra Products.

49. The ‘266 Patent is invalid, including pursuant to 35 U.S.C. §§ 112 and/or 282(b)(3)(A) and/or applicable case law, because, among other things, various claim terms, such as “significantly dissipates,” “substantially heat conducting,” “rear face” and “rear heat conducting portion” are too indefinite, and because the claims are not supported by the specification, including the light source module location claim limitation language “wherein the light source module and the driver are positioned inside the first cavity while being coupled to the heat conducting closed rear face of the unified casting such that the light source module is closer to the closed rear face of the unified casting than the open front face of the unified casting” of independent claims 1, and similar language of the other independent claims, finds no support in the specification.

The other revisions to the Counterclaim mainly involve updated claim charts attached as exhibits.

DMF is evidently concerned about the indefiniteness and other contentions. Indeed, DMF is attempting to narrowly construe certain claim terms to avoid certain prior art, something that patent holders rarely do. The ‘266 Patent is poorly drafted and these indefinite claim terms expose many of the flaws in the patent.

Therefore, this factor weighs in favor of granting the leave to amend.

### **5. No Prior Leave To Amend Requested**

Defendants have not requested a prior leave for amendment since the March 15 deadline to amend the pleadings. Thus, this factor weighs in favor of granting leave to amend. *See* Dkt. 101 (setting deadline to request leave to file amended pleadings as March 15, 2019); *see also Revolution Eyewear, Inc.*, 2003 WL



27383395, at \*2 (granting defendant’s motion to amend its answer to add affirmative defenses and counterclaims despite the motion being filed two months after the deadline to amend the pleadings); *Cave Consulting Grp., Inc.*, 2017 WL 607602, at \*4 (N.D. Cal. Feb. 15, 2017) (“previous amendments carry little weight when the current amendment involves newly discovered information”).

**IV. LEAVE TO AMEND THE INVALIDITY CONTENTIONS IS PROPER**

The parties agreed to exchange infringement and invalidity contentions pursuant to the Patent Local Rules developed by the District Court for the Northern District of California. *See* Joint Rule 26(f) Report, Dkt. 97. There is good cause to grant Defendants leave to amend their invalidity contentions under Patent Local Rule 3-6.

Patent Local Rule 3-6 provides as follows: “Amendment of . . . the Invalidity Contentions may be made only by order of the Court upon a timely showing of good cause.” Patent L.R. 3-6. “Non-exhaustive examples of circumstances that may, absent undue prejudice to the non-moving party, support a finding of good cause include: (a) A claim construction by the Court different from that proposed by the party seeking amendment; (b) Recent discovery of material, prior art despite earlier diligent search; and (c) Recent discovery of nonpublic information about the Accused Instrumentality which was not discovered, despite diligent efforts, before the service of the Infringement Contentions.” *Id.* “[T]he good cause inquiry is two-fold, asking: (1) whether the moving party was diligent in amending its contentions; and (2) whether the non-moving party would suffer prejudice if the motion to amend were granted.” *Karl Storz Endoscopy-Am., Inc. v. Stryker Corp.*, No. 14-CV-00876-RS (JSC), 2016 WL 2855260, at \*3 (N.D. Cal. May 13, 2016) (citations omitted).

**A. Defendants Have Been Diligent**

Defendants have diligently engaged in the litigation, as described above, and

1 sought leave to amend their invalidity contentions as soon as they discovered a  
2 basis for such amendment. Further, Defendants promptly provided notice to DMF  
3 of their contentions.

4 “The diligence required for a showing of good cause has two subparts: (1)  
5 diligence in discovering the basis for amendment; and (2) diligence in seeking  
6 amendment once the basis for amendment has been discovered.” *Id.* “Diligence is  
7 ‘the critical issue’ in the good cause determination.” *Id.* “[N]ew information  
8 learned in discovery can lead a party to understandably reevaluate evidence found  
9 earlier. . . [T]he Patent Local Rules specifically acknowledges the possibility that a  
10 party may need to supplement invalidity contentions with information found during  
11 discovery.” *Fujifilm Corp. v. Motorola Mobility LLC*, No. 12–cv–03587–WHO,  
12 2014 WL 491745, at \*4 (N.D. Cal. Feb. 5, 2014). “[S]everal courts . . . have found  
13 that time periods of three months and longer can be reasonable for seeking to  
14 amend contentions.” *Karl Storz Endoscopy-Am., Inc.*, 2016 WL 2855260, at \*6  
15 (citing *Radware Ltd. v. F5 Networks, Inc.*, No. C–13–2024 RMW, 2014 WL  
16 3728482, at \*2 (N.D. Cal. July 28, 2014) (“finding three months diligent”); *Nuance*  
17 *Commc’ns, Inc. v. Abbyy Software House*, No. C 08–02912 JSW (MEJ), 2012 WL  
18 2427160, at \*2 (N.D. Cal. June 26, 2012) (“finding a ‘few months’ diligent”);  
19 *Yasudevan Software, Inc. v. Int’l Bus. Machs. Corp.*, No. C09–05897 RS (HRL),  
20 2011 WL 940263, at \*3–4 (N.D. Cal. Feb. 18, 2011) (“finding four months  
21 diligent”)). “The good cause requirement does not require perfect diligence.”  
22 *Fujifilm Corp.*, 2014 WL 491745, at \*4.

23 Further, “even if the movant was arguably not diligent, the court may still  
24 grant leave to amend.” *OpenDNS, Inc. v. Select Notifications Media, LLC*, No.  
25 C11-05101 EJD HRL, 2013 WL 2422623, at \*2 (N.D. Cal. June 3, 2013). “Courts  
26 have allowed amendments when the movant made an honest mistake, the request to  
27 amend did not appear to be motivated by gamesmanship, or where there was still  
28 ample time left in discovery.” *Id.* at \*3 (citations omitted).



1 In addition, “notice can be sufficient for good cause.” *The Bd. of Trustees of*  
2 *Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, No. C 05-04158 MHP,  
3 2008 WL 624771, at \*3 (N.D. Cal. Mar. 4, 2008) (“Though Stanford was arguably  
4 not diligent in pursuing the amendment with this court, it was diligent in notifying  
5 and seeking discovery from Roche.”).

6 Here, Defendants have diligently defended this case, including commencing  
7 discovery, and promptly sought leave to amend the invalidity contentions as soon as  
8 they discovered a basis to do so. Within a few days after issuance of the  
9 preliminary injunction, Defendants recognized that DMF failed to present sufficient  
10 evidence that the accused products allegedly met several key claim terms, including  
11 claims that fail to distinctly identify the scope of the alleged invention (e.g.,  
12 “significantly dissipates,” “substantially heat conducting,” “rear face” and “rear  
13 heat conducting portion”). Defendants promptly and timely included their  
14 indefinite contentions in their claim term and proposed construction disclosures and  
15 claim construction briefing in accordance with their agreed schedule for such  
16 exchanges.

17 In addition, in its preliminary injunction order, the Court found that the Imtra  
18 products allegedly failed to meet the “plurality of elements” limitation of the ‘266  
19 Patent. Based on this finding, Defendants reached out to Imtra Corporation and  
20 obtained evidence, including additional brochures and testimony from an Imtra  
21 employee confirming in fact that the various Imtra prior art products meet all of the  
22 limitations of the asserted claims, including the “plurality of elements” limitation.  
23 (Boone Decl. ¶¶ 16, 22 and Exh. L.)

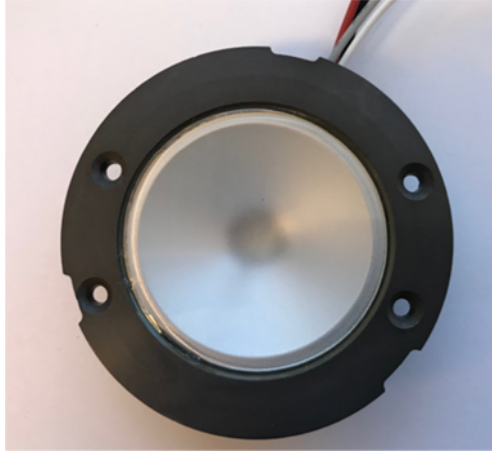
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*See id.*, Exh. L.

ELCO used this additional evidence in support of its IPR filed with the PTAB just last week. *Id.*, ¶ 21 and Exh. K. Defendants seek to update their invalidity contentions to add this additional evidence. Finally, Defendants seek to make minor amendments to the remaining invalidity contentions based on the Kim patent (primarily to address the issues raised by the Court in its preliminary injunction ruling and raised by plaintiff in the briefing leading up to the ruling) and to address claim 30, which Plaintiff failed to include in its identification of asserted claims, yet included in its conclusory infringement contentions.

Through discovery and disclosures exchanged in the case to date, DMF has been fully informed of Defendants' invalidity contentions. In addition, as a result of Defendants' extensive meet and confer efforts, DMF was immediately put on

1 notice regarding Defendants' proposed amendments. Such notice weighs in favor  
2 of finding good faith. *See The Bd. of Trustees of Leland Stanford Junior Univ.*,  
3 2008 WL 624771, at \*3 ("notice can be sufficient for good cause").

4 However, even if the Court determines that Defendants did not act diligently,  
5 the Court should exercise its discretion to grant leave to amend the invalidity  
6 contentions because there is no prejudice to DMF. *See OpenDNS, Inc.*, 2013 WL  
7 2422623, at \*2 ("even if the movant was arguably not diligent, the court may still  
8 grant leave to amend"); *see also Karl Storz Endoscopy-Am., Inc.*, 2016 WL  
9 2855260, at \*3 ("[T]he court retains discretion to grant leave to amend even in the  
10 absence of diligence so long as there is no prejudice to the opposing party.").

11 **B. DMF Will Not Be Prejudiced By The Proposed Amendment**

12 Good cause exists to grant leave to amend the invalidity contentions because  
13 there is no prejudice to DMF.

14 "Courts have found no prejudice where, as here, the proposed amendments  
15 did not pose a risk to discovery and motion deadlines or the trial schedule." *Karl*  
16 *Storz Endoscopy-Am., Inc.*, 2016 WL 2855260, at \*7 (citing *Verinata Health, Inc. v.*  
17 *Sequenom, Inc.*, 2014 WL 1648175, at \*3 (N.D. Cal. Feb. 26, 2004) ("no prejudice  
18 where the deadlines for fact discovery, expert discovery, and trial were four, seven,  
19 and ten months away, respectively"); *Golden Hour Data Sys., Inc. v. Health Servs.*  
20 *Integration, Inc.*, No. C 06-7477 SI, 2008 WL 2622794, at \*4 (N.D. Cal. July 1,  
21 2008) ("finding no prejudice where three months remained in fact discovery");  
22 *Yodlee, Inc. v. CashEdge, Inc.*, No. C05-01550 SI, 2007 WL 1454259, at \*3 (N.D.  
23 Cal. May 17, 2007) ("finding no prejudice where two months remained in fact  
24 discovery")); *see also THX, Ltd. v. Apple, Inc.*, No. 13-CV-01161-HSG, 2016 WL  
25 1718137, at \*3 (N.D. Cal. Apr. 29, 2016) ("The lack of prejudice is especially  
26 evident here, where the Court has not yet set a discovery deadline, giving THX  
27 ample time to conduct any further discovery necessitated by Apple's  
28 amendments.").

The procedural posture of the case weighs heavily in favor of granting leave to amend the invalidity contentions. *See Karl Storz Endoscopy-Am., Inc.*, 2016 WL 2855260, at \*7. The Court has not yet issued a scheduling order, set a trial date, or other trial-related deadlines such as a cutoff date for fact or expert discovery. Discovery is in its early stages, no fact or expert depositions have taken place, and no expert reports have been exchanged. No *Markman* hearing date has been set. Thus, the case schedule will not be disrupted by the proposed amendment, and DMF has sufficient time to conduct discovery necessitated by the proposed amendment. *See THX, Ltd.*, 2016 WL 1718137, at \*3 (N.D. Cal. Apr. 29, 2016) (“The lack of prejudice is especially evident here, where the Court has not yet set a discovery deadline, giving THX ample time to conduct any further discovery necessitated by Apple’s amendments.”).

Therefore, there is good cause to grant leave to amend the invalidity contentions.

## V. CONCLUSION

For the foregoing reasons, Defendants respectfully request the Court to allow their filing of the Third Amended Answer and Counterclaim, and to amend their invalidity contentions, in the form attached to the Declaration of Robert E. Boone III.

Dated: May 24, 2019

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